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Message Text

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ACTION EB-08

INFO OCT-01 STR-07 STRE-00 ISO-00 IO-13 JUSE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03
H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 ICA-11
SP-02 SOE-02 OMB-01 DOE-15 EUR-12 /126 W
----------073781 271934Z /43
R 271900Z APR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0757
USMISSION GENEVA
INFO ALL EC CAPITALS

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USMTN ALSO FOR MISSION

BRUSSELS ALSO FOR USEEC

E.O. 11652: N/A
TAGS: ETRD MTN FR
SUBJECT: U.S. TARIFF OFFER IN MTN

REF: AMB. MCDONALD/MYERSON LETTER OF MARCH 29, 1978

1. SUMMARY: NOT SURPRISINGLY, OUR SOUNDINGS WITH THE FRENCH INDICATE NO SENTIMENT TO ACCEPT GREATER-THAN-FORMULA U.S. TARIFF REDUCTIONS TO BALANCE U.S. EXCEPTIONS. THIS IS IN LINE WITH FRANCE'S OVERALL APPROACH TO THE MTN. NEVERTHELESS, THE DISCUSSIONS WERE USEFUL IN ASSURING THAT OUR POSITION AND RATIONALE ARE UNDERSTOOD. END SUMMARY.

2. WE HAVE RECENTLY DISCUSSED THE U.S. TARIFF OFFER WITH OFFICIALS OF THE FOREIGN TRADE MINISTRY AND,
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SEPARATELY, WITH THE PATRONAT. WE HAVE FOUND NO SENTIMENT IN EITHER GROUP FOR ACCEPTING GREATER-THAN-FORMULA CUTS AS AN OFFSET TO EXCEPTED ITEMS, NOR IS THIS SURPRISING. THE PRINCIPLE OF HARMONIZATION IN ACCORDANCE WITH THE EC COUNCIL DECISION OF LAST JANUARY IS VIEWED AS MORE OR LESS SACROSANCT. THE IMPORTANCE OF MAINTAINING AND APPLYING THIS PRINCIPLE OUTWEIGHS POTENTIAL

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TRADE BENEFITS FROM BOUND ZERO DUTY RATES IN FRENCH EYES.

3. GOF OFFICIALS INDICATED THEIR PRIMARY INTEREST IN IMPROVEMENT OF THE U.S. OFFER IS IN TEXTILES, ESPECIALLY GARMENTS. THEY SAY THE U.S. OFFER IS EVALUATED AT AN AVERAGE CUT OF 32 PERCENT WHILE THAT OF THE COMMUNITY IS 42 PERCENT. THEY SEE NO ALTERNATIVE TO EC WITH-DRAWALS UNLESS THE U.S. MAKES SUBSTANTIAL IMPROVEMENTS. NEITHER COULD THEY SEE ANY TRADE INTEREST IN FRANCE FOR OUR OFFER TO ELIMINATE DUTIES ON LOW-TARIFF ITEMS EXCEPT FOR AIRCRAFT, WHERE THE U.S. HAS LONG BEEN UNDER PRESSURE FROM THE COMMUNITY.

4. AT THE PATRONAT WE WERE TOLD THAT FRENCH INDUSTRY IS CONCERNED THAT THE COMMUNITY OFFER IS TOO GENEROUS. YET PATRONAT OFFICIALS WERE SURPRISED AT THE RELATIVELY SHORT LIST OF REQUESTS FOR WITHDRAWALS SUGGESTED BY FRENCH INDUSTRY. WITHOUT BEING SPECIFIC, FRENCH INDUSTRY GROUPS ASKED THAT THEY RECEIVE THE SAME EXEMPTIONS AS U.S. INDUSTRY. THEREFORE, THEY FEEL THAT WHATEVER MIGHT BE GAINED IN THE U.S. MARKET FROM GREATER-THAN-FORMULA REDUCTIONS (AND THE PATRONAT BELIEVES THAT LITTLE IS TO BE GAINED) WOULD BE MORE THAN OFFSET BY INCREASED COMPETITION IN THE COMMUNITY MARKET FROM JAPAN AND THE MORE ADVANCED LDCS. THE PATRONAT SUPPORTS
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THE HARMONIZATION PRINCIPLE JUST AS STRONGLY AS THE GOF. THEY WOULD LIKE TO SEE US IMPROVE OUR OFFER ON TEXTILES, KNITWEAR, ELECTRONIC WATCHES, AND CHEMICALS

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PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 ICA-11
SP-02 SOE-02 OMB-01 DOE-15 EUR-12 /126 W
----------073760 271935Z /43
R 271900Z APR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0758
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(AFTER THE CUSTOMS VALUATION ISSUE IS RESOLVED).

5. IN CONCLUSION, THE EMBASSY BELIEVES THAT IT HAS BEEN USEFUL TO EXCHANGE VIEWS WITH THE FRENCH ON THESE MATTERS. IT IS MOST DOUBTFUL, HOWEVER, THAT WE WILL SEE ANY PRESSURE FROM FRENCH INDUSTRY TO INDUCE THE GOF TO CONCEDE ANY POINTS TO THE U.S. CONCERNING GREATER-THAN-FORMULA CUTS. FRENCH INDUSTRY SUPPORT FOR HARMONIZATION PROVIDES A CONVENIENT EXCUSE FOR SEEKING WITHDRAWALS BY THE COMMUNITY. GOF NEGOTIATORS APPEAR TO BE RELAXED AND COMPLACENT. THEY ARE SATISFIED THAT THE EC HAS ACTED PROPERLY IN APPLYING THE TARIFF FORMULA. WHILE THEY WOULD PREFER TO AVOID WITHDRAWALS, THEY WILL SUPPORT THIS COURSE OF ACTION UNLESS THE U.S. OFFER IS IMPROVED. AGAIN, THE SENIOR WORKING LEVEL REACTIONS WE OBTAINED ARE NOT SURPRISING. THEY CONFIRM OUR LONG-STANDING IMPRESSION THAT THE FRENCH WILL HAVE TO BE BROUGHT ALONG IN MTN PRIMARILY BY (A) THE INTERNAL
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COMMUNITY DYNAMIC AND (B) HIGH-LEVEL BILATERAL EFFORTS AT CRUCIAL STAGES OF THE NEGOTIATION. WE BELIEVE THAT BOTH THESE OBJECTIVES ARE FURTHERED, HOWEVER, BY MAKING SURE THAT THE OFFICIAL WORKING LEVEL AND THE PRIVATE SECTOR ARE ACCURATELY INFORMED OF OUR POSITIONS--HENCE OUR GRATITUDE FOR MCDONALD'S LETTER.
HARTMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFF SCHEDULES, GOVERNMENT REACTIONS, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS13741
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780180-0919
Format: TEL
From: PARIS USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780410/aaaaahnz.tel
Line Count: 162
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d23db2a5-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2814048
Secure: OPEN
Status: NATIVE
Subject: U.S. TARIFF OFFER IN MTN
TAGS: ETRD, FR, US, MTN
To: STATE GENEVA
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/d23db2a5-c288-dd11-92da-001cc4696bcc
Review Markings:
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